

## FOR IMMEDIATE RELEASE

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(BW) (TRANSCEND SERVICES, INC.) (TRCR)

### **TRANSCEND TO ACQUIRE DTS AMERICA**

ATLANTA, Georgia. TRANSCEND SERVICES, INC. (NASDAQ: TRCR), a leading provider of clinical documentation services to the U.S. healthcare market, announced today that it is in negotiations to acquire DTS America, Inc. ("DTS"). The transaction is expected to close in April 2011.

Founded in 1995 and headquartered in Nashville, Tennessee, DTS is a medical transcription company that serves approximately 30 hospitals plus a number of clinics and surgery centers in 13 states.

Susan McGrogan, Transcend's President and Chief Operating Officer stated: "DTS has an excellent reputation for customer service, as evidenced by their consistently high rankings in industry surveys. We are confident that we can integrate their operations, provide a great home for the DTS employees and continue to provide excellent service to their customers."

"In order to continue our ambitious growth plans, DTS needed to find a larger partner that both recognized the value of our employees and was committed to providing excellent customer service," said Andrew Miller, Jr., Chief Executive Officer of DTS America. "I believe Transcend is the best partner for our employees and clients and I am excited by the capabilities that each of us brings to the other."

Larry Gerdes, Transcend's Chief Executive Officer added: "We are excited to have the opportunity to serve DTS's customers and look forward to being able to offer them a greater array of flexible solutions to meet their clinical documentation needs. The tremendous job that our team has done on the integration of our October 2010 Heartland acquisition has allowed us to consider another acquisition this quickly."

DTS currently generates approximately \$12 million of annual revenue, which is expected to increase Transcend's annual revenue run rate (based on 4<sup>th</sup> quarter 2010 results) to approximately \$124 million. Transcend intends to acquire DTS by the merger of DTS and a subsidiary of Transcend. The purchase price is expected to be \$7.9 million in cash, plus an earn-out of up to \$4.2 million payable in cash (if earned) in 2012. No debt will be assumed. The transaction is expected to have a nominal negative impact on 2<sup>nd</sup> quarter 2011 earnings per share (\$0.00 - \$0.01 per share) due to transaction costs and to be accretive to earnings per share starting in the third quarter of 2011.

The proposed terms are non-binding and may be modified prior to close. Closing is subject to certain pre-closing conditions, including completion of due diligence and negotiation and execution of a definitive purchase agreement.

Suender M&A Advisors initiated the transaction and is advisor to DTS. Suender M&A Advisors provides

merger and acquisition advisory services to medical transcription, medical coding and other health information management companies throughout the United States.

### **About Transcend Services, Inc.**

Transcend Services is a leading provider of clinical documentation solutions for healthcare organizations. The company's high-quality transcription services – along with leading data extraction and reporting tools – provide critical data needed to document patient encounters and help drive clinical decision making. Transcend provides clients with exceptional quality, turnaround time and service so that they can focus on what matters most – their patients. For more information, visit [www.transcendservices.com](http://www.transcendservices.com).

### **Safe Harbor Statement**

*This press release contains certain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, that represent our expectations, anticipations or beliefs about future events, including our ability to complete the merger of DTS on the terms and in the time frame set forth herein or at all, operating results, financial condition, liquidity, expenditures, and compliance with legal and regulatory requirements. For this purpose, any statements that are not statements of historical fact may be deemed to be forward-looking statements. These statements involve risks and uncertainties that could cause actual results to differ materially depending on a variety of important factors. Factors that might cause or contribute to such differences include, but are not limited to, the results of our due diligence and other factors that could affect our ability to close the DTS transaction, competitive pressures, extraordinary expenses, loss of significant customers, the mix of revenue, changes in pricing policies, delays in revenue recognition, challenges encountered in integrating acquired businesses, increased regulatory burdens, lower-than-expected demand for the Company's products and services, business conditions in the integrated health care delivery network market, adverse general economic conditions, and the risk factors detailed in our periodic, quarterly and annual reports on Forms 8-K, 10-Q and 10-K that we file with the Securities Exchange Commission ("SEC") from time to time. With respect to such forward-looking statements, we claim protection under the Private Securities Litigation Reform Act of 1995. Our SEC filings are available from us, and also may be examined at public reference facilities maintained by the SEC or, to the extent filed via EDGAR, accessed through the website of the SEC (<http://www.sec.gov>). In addition, factors that we are not currently aware of could harm our future operating results. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this press release. There can be no guarantee that the proposed merger of DTS will occur. We undertake no obligation to update this release or the forward-looking statements contained herein to reflect events or circumstances after the date of this press release.*